HOUSING WASHINGTON 2026 · SPOKANE

Insuring Our Future

Rising Costs and Policy Solutions for Property Insurance

PANEL DISCUSSION GUIDE — FOR SPEAKER PREP

Rep. Nicole Macri
Policy & public investment

Lisa Hagen
Operational strategies

Peter Tran
Underwriting

Session Goals & Framing

What every publicly funded affordable housing building needs — and why it's slipping out of reach.

Attendees should leave with:

✓ **Practical strategies**

they can act on now, in current renewals and budgets

✓ **Policy directions**

they can help advance through 2026-27 legislative work

Builds on the well-attended 2024 session — shifting from diagnosing the crisis to identifying solutions.

Three-part structure

01 **What insurers actually look for in underwriting**

PETER

02 **What housing providers can do operationally**

LISA

03 **Policy & public investment directions**

REP. MACRI

PANEL SEGMENT

What Insurers Actually Look For in Underwriting

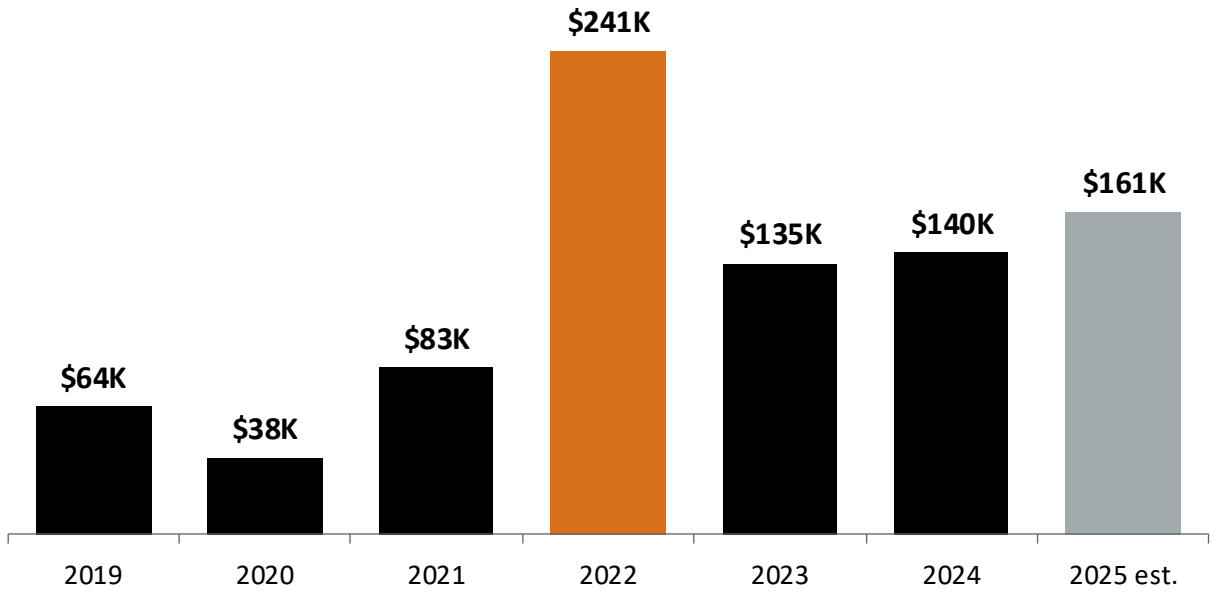
The lens carriers use when they decide whether — and at what price — to write a renewal.

Speaking: Peter

Where We've Been — A Hard Market

What the OIC's December 2024 housing providers study found on premiums, deductibles, and availability

ONE WASHINGTON PROVIDER'S ANNUAL INSURANCE COST ($ THOUSANDS)



Two claims in 2022 drove the spike; the 2023 drop followed a change of carrier. One example, not an average.

~28%
Average annual premium increase reported by surveyed housing providers (self-reported; 14 respondents)

+300%
Premium increase over five years for one nonprofit provider, with a $500K per-occurrence deductible

130+
Carriers approached by one provider after a non-renewal; seven offered coverage, at a 190% premium increase

Today's property rate reductions follow years of compounding increases, higher deductibles, and non-renewals. The relief is real, but it comes off a much higher base.

Source: Washington OIC, Housing Providers Insurance Market Study (Davies Actuarial / Alvarez & Marsal), Dec 2024. Provider examples anonymized. Survey figures self-reported and unvalidated.

Market Update — A Split Market

Lockton Real Estate Market Updates, September & October 2026

PROPERTY

Favorable

Q2 median rate down 10.5%; reductions are starting to slow

CASUALTY

Moderating

Far from soft; affordable multifamily faces more rigorous renewal scrutiny

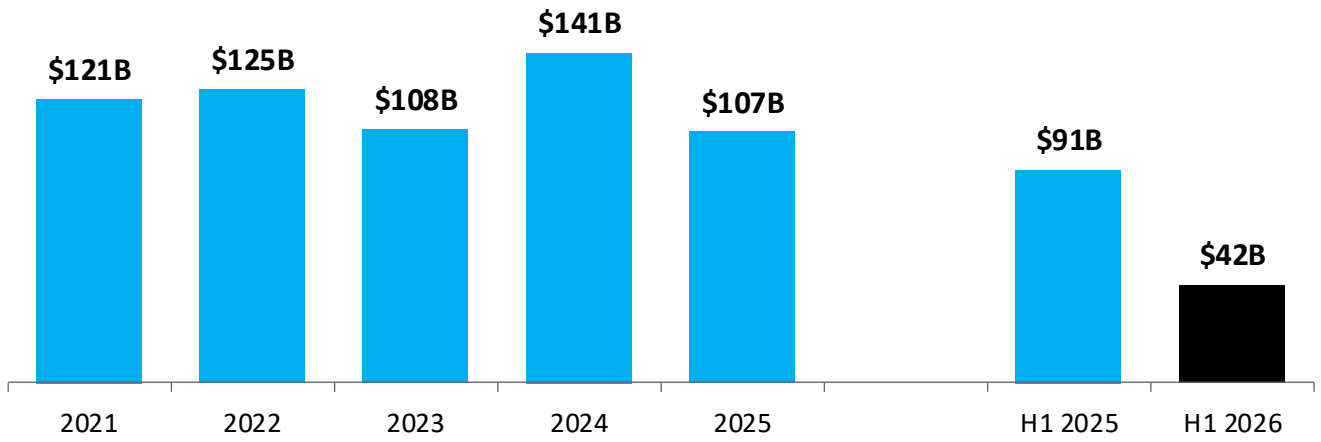
What It Means for Affordable Housing

- Property: next-quarter renewals expect 5–10% decreases on single-carrier programs and 10–15% on shared/layered — outcomes vary by geography, cat exposure, and loss history
- Cat losses haven’t moved the market, but further cuts get harder into 2027 — a late-season hurricane landfall could shift sentiment fast
- Casualty: market-rate multifamily with good loss history sees flat to single-digit renewals; affordable multifamily, student, and senior living get tougher scrutiny
- Fannie Mae / Freddie Mac now spell out coverages (abuse, assault, firearms) that carriers increasingly exclude — sometimes with escrow to fund coverage not being provided

Market Update — Rate Changes by Line

Median renewal rate change · Lockton October 2026 Market Update

GLOBAL INSURED NATURAL CATASTROPHE LOSSES ($ BILLIONS)



$42B — H1 2026 — down 54% from $91B in H1 2025 and 16% below the $50B 10-year first-half average

~$28B — Severe convective storms: the largest driver of H1 2026 insured losses

0 — U.S. hurricane landfalls in 2025

RATE CHANGES BY LINE

−10.5% PROPERTY	−3.3% WORKERS' COMP (guaranteed cost)	−0.2% WORKERS' COMP (loss-sensitive)	+1.8% GENERAL LIABILITY	+4.5% AUTO LIABILITY
+6.2% LEAD UMBRELLA	+8.2% EXCESS LIABILITY	+0.5% D&O (public companies)	0% D&O (private & nonprofits)	−0.1% CYBER

Sources: Lockton Oct 2026 Market Update (rates, H1 2026 total, 2025 landfalls); Swiss Re Institute (annual and H1 losses as published; price basis varies by year). Navy = decrease; orange = increase.

What Insurers Look For

Property characteristics and five-year loss history — the first things carriers evaluate in a submission



Property characteristics

- Older wood-frame construction, dated roofs, lack of modern safety systems
- New construction appraised above ~$10M — often exceeds single-risk capacity limits many carriers will accept

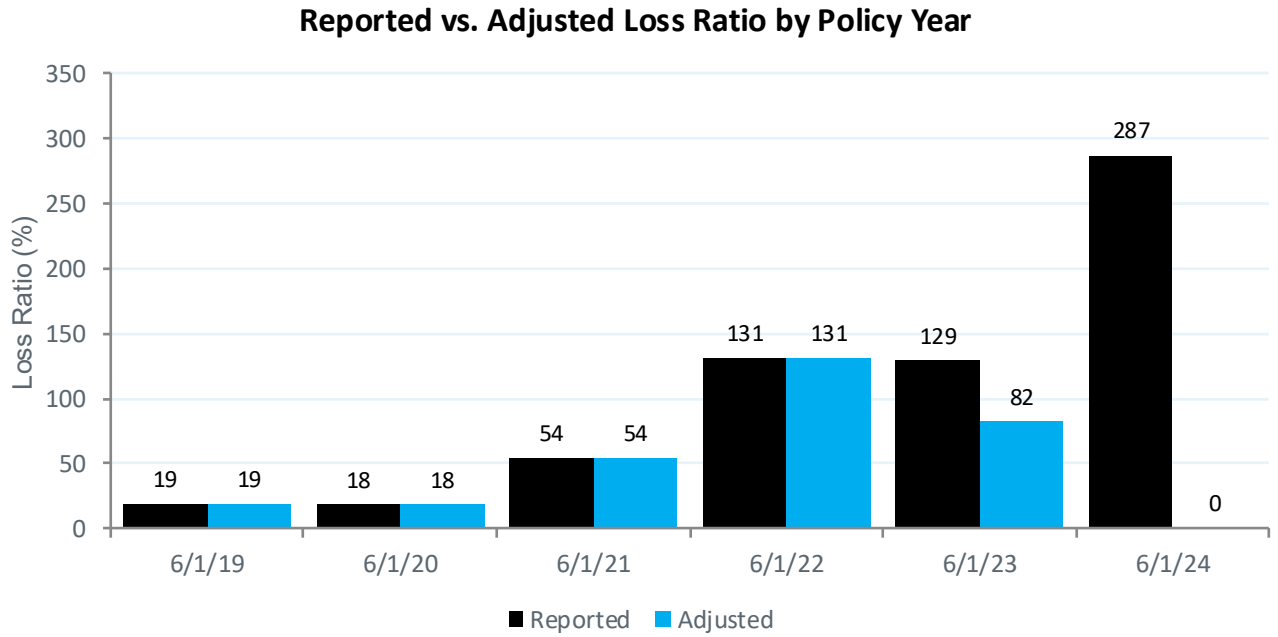


Loss history — 5 years

- Five years of currently valued loss runs — claim frequency, severity, open claims and reserves, shown by year
- Large or repeat losses (especially water and fire) and what changed afterward — documented corrective action carries weight

Telling the Loss Trend Story

Case example — a Puget Sound PSH/affordable portfolio (39 buildings, 3,500+ units), anonymized — reported vs. adjusted loss ratio by policy year, after subrogation recovery and the divested location



GRAND TOTAL, 6 POLICY YEARS

168% → 45%

reported loss ratio, adjusted for subrogation recovery and a divested (sold) location

- 37 total claims over 6 years — only 1 remains open
- Frequency peaked in 2022 (15 claims), fell to 1 by 2024
- No CAT losses reported in any policy year
- TIV grew ~85% over the period ($413M → $763M)

Why it matters on the panel: this is the difference between a submission that reads as a loss and one that reads as a well-managed, growing portfolio with two explainable outliers.

PANEL SEGMENT

What Housing Providers Can Do Operationally

Concrete, fundable interventions providers can act on today — inside or outside a full recapitalization cycle.

Speaking: Lisa

Challenges for Affordable Housing Operators

Lisa Hagen, Community Roots Housing — what providers are living with

1

Staggering double digit rate increases 2019 – 2024

2

Renewal rates have doubled and tripled

3

Deductibles, losses, and claim denials all on the rise

4

Insurers pulling completely out of the affordable market

5

Increased scrutiny on policies by Lenders

6

Insurer inspections and required repairs

Top Priorities When Capacity is Limited

Lisa Hagen, Community Roots Housing — what a smaller owner can do first

1

Explore alternative brokers and lean on their programs

- Do they have risk management support for operators?
- Will they advise when filing a claim makes sense?
- Are they willing to partner with you in negotiating with Lenders on requirements?

2

Tell the story behind the properties and how it relates to your specific loss history

Water damage claim history?

- Floor drains, winterization procedures, leak detection “screamers”
- Resident education: shut off valves limit damage

Fire damage claim history?

- Stovetop fire suppressors: about $50 each
- Educate residents on fire prevention best practices

From Loss Data to a Risk Management Plan

Lockton's recommendations for turning targeted trend analysis into fewer losses

1

Share the full narrative

Give your broker positive mitigation steps, not just data — details are what let a broker differentiate a property with underwriters.

2

Mine carrier loss control surveys

Site-level gaps — escaped liquids, fire/life-safety maintenance — often point to portfolio-wide issues worth fixing everywhere.

3

Track compliance, not just policy

Corporate initiatives don't help if they're not implemented at every site — sample assessments confirm they are.

4

Close the loop after every incident

Inaction after a claim is functionally an invitation to litigation — fix the underlying problem promptly and document it.

5

Resolve gaps between coverage lines

Cyber and crime policies can look redundant but leave real sublimit gaps — align them deliberately with your broker.

6

Use risk intelligence tools

Ongoing portfolio-level risk data keeps the story current between renewals, not just at binding.

Two Layers of Loss Control

Lockton's affordable-housing loss control framework — administrative measures first, capital investment second



LAYER 1 · NON-CAPEX

Administrative Risk Mitigation

Programs, training, and resident engagement — the lowest-cost lever available, and the one every provider can act on immediately regardless of budget cycle.

Programs & Policies · Employee Training · Resident Engagement



LAYER 2 · CAPEX

Physical Risk Mitigation

Quantified capital investments with per-unit or per-project cost ranges — this is the layer state grant programs, like the Risk Mitigation Capital Fund, are built to fund.

Costed, fundable, and directly aligned with the state's eligible-measures list

Administrative Measures — Fire & Water

Layer 1: the non-CapEx programs, training, and resident engagement Lockton walks affordable-housing clients through

FIRE PREVENTION

Programs & Policies

Emergency Action Plans · Hot Work Program · Fire/life safety & vacant-unit inspections · Preventative maintenance (grounds, mechanical, cooking equip.) · Wildfire mitigation

Employee Training

Emergency preparedness · Hazard identification · Flammable liquids safety · Housekeeping

Resident Engagement

Cooking safety · Fire safety (candles, incense, smoking, electrical hazards)

WATER DAMAGE

Programs & Policies

Water intrusion O&M program · Extreme cold procedures · Unit-turn & periodic inspections · Winterization / pre-season maintenance

Employee Training

Emergency preparedness · Hazard ID (leaks, moisture, mildew, caulk & seals) · Housekeeping

Resident Engagement

In-unit water shut-off valve location & procedures · After-hours maintenance emergency line

Physical Risk Mitigation — Costed Menu

Layer 2: actual per-unit / per-project cost ranges from Lockton's affordable-housing loss control work

RISK	MEASURE	COST
Water Damage	Replacement of rubber & plastic water supply lines	**$10–15 / unit**
	Low-temperature alarms for vulnerable areas	**Varies**
	Thermographic scan of building envelope & roof	**$150–650**
	Water leak detection — key mechanical areas only	**$**
	Water leak detection — supply flow monitoring + leak detection	**$$**
	Water leak detection — apartment unit endpoint detection	**$$$**
Fire	Stovetop fire suppressors	**$40–70**
	Stove auto shut-off devices	**$140–170**

Also on the state fund's eligible-measures list: standpipe locks, pipe insulation / freeze prevention, recessed sprinkler heads or retrofit sprinkler cages.

REAL EXAMPLE ON FILE

Sprinkler cage upgrade bid — 91-unit senior property (27 studios, 59 1BR, 5 2BR, ~74,858 sq ft), procured through the AM/PM insurance workgroup.

PANEL SEGMENT

Policy & Public Investment Directions

Where state dollars and rulemaking can bend the cost curve — from the 2024 OIC study to what just passed in 2026.

Speaking: Rep. Macri

Market Study of Insurance for Affordable Housing Providers in Washington State:

Availability and Affordability of Property and Liability Insurance for Housing Providers Receiving Housing Trust Fund Resources Under RCW 43.185A.130 and Serving Extremely Low-Income Households as defined in RCW 36.70A.030

Prepared for the Washington State Office of the Insurance Commissioner

Prepared by Davies Actuarial, Audit & Consulting, Inc. with support from Alvarez & Marsal Financial Services Industry Group, LLC

November 7, 2024

	Policy Options	Reduce total cost of risk	Incr. Avail.	Subsid-ize
1	Increase Availability of Insurance **by creating a new Public Reinsurer to reinsure private insurers** that write property and liability insurance policies for Housing Providers.		√	√
2	Increase Availability of Insurance by **creating a Public Insurer to insure the first layer of property and liability insurance policies** for Housing Providers.		√	√
3	Establish a fund to **Reimburse Housing Providers** for expenses in their **deductible** layer.			√
4	Encourage physical risk mitigation by subsidizing the cost to install **water leak and fire detection and suppression systems** to reduce the total cost of risk.	√		√
5	Mitigate behavioral risk by implementing changes to state law to **provide Housing Providers with more control over which tenants they house, while adding protections for PSH residents** who require inpatient medical or mental health treatment.	√		
6	Create a new **Public Insurer to provide renters' insurance**[3] for individuals placed into Affordable Housing units.		√	√
7	Increase the frequency and scope of **building inspections** and/or appraisals to identify risks such as electrical fire, roof leaks and other factors that increase risk, and highlight risk mitigation measures that have the potential to reduce insurance costs.	√		
8	Enhance **building codes** for affordable housing properties to require certain minimum standards designed to mitigate property damage and personal injuries, coupled with public funding to assist Housing Providers to become compliant.	√		√
9	**Increase state funding for social programs** that can be administered by or in partnership with Housing Providers.	√		
10	**Subsidize the cost** of insurance for Housing Providers.			√
11	**Enact legislation** to **create a standard of negligence** for certified Housing Providers such that they can only be held liable for actions of their residents or guests if they display gross negligence or bad faith.	√	√	
12	**Combine options** such as (i) Establish a Public Insurer that accepts the first layer of insurance coverage for Housing Providers; (ii) offer premium rate credits for approved risk mitigation initiatives implemented by the insured Housing Providers.	√	√	√

Note: in the above table, a green check mark is a definite benefit of the policy option, a black check mark is a potential benefit depending on how the policy option is implemented.

Washington's Policy Framework

OIC / Davies Actuarial / Alvarez & Marsal report to the Legislature, December 2024 — 12 policy options across three levers

1 **5 options**

Reduce total cost of risk

Property improvements, more inspections, mitigating behavioral risk

2 **4 options**

Increase availability

A new public reinsurer or public primary insurer for the first coverage layer

3 **3 options**

Subsidize the cost

Direct premium subsidies, a deductible-reimbursement fund

We've made progress on the "reduce cost of risk" lever (the Risk Mitigation Capital Fund). Recommendations requiring operating budget funds have remained on pause.

SPOTLIGHT

Risk Mitigation Capital Fund

Enacted in March 2026, as part of the FY27 Capital Budget (July 2026 – June 2027)

$5M

allocated to the **Affordable Housing Urgent Repair Capital Fund**, specifically enabling $1M in new investments in low-cost, high-return risk mitigation measures

- ✓ **SB 6003: Concerning the [supplemental] capital budget**
  which allocates $123M total to the Housing Trust Fund — an 82% increase over the prior biennium
- ✓ **Acts outside recap cycles**
  small, strategic grants let providers install mitigation now rather than waiting for full rehab
- ✓ **Eligible expenses shaped by the field**
  eligible measures reflect direct input from the AM/PM insurance policy workgroup

~~(a)~~)) (b) $1,000,000 of the state taxable building construction account—state appropriation in this subsection (3) is provided for risk mitigation investments to prevent water and fire-based property damage of affordable housing.